

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 COME-00 OPIC-03 AGR-05 OMB-01

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FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 4282

LIMITED OFFICIAL USE AMMAN 2171

E.O. 11652: N/A

TAGS: BEXP, EIND, JO

SUBJECT: FERTILIZER PLANT

REF: AMMAN 7553 OF 12/19/74

1. GOJ MINISTER OF NATIONAL ECONOMY, REPRESENTATIVES OF PHOSPHATE COMPANY, AND INTERNATIONAL FINANCE CORPORATION AND PRESIDENT OF AGRICO CHMEICAL COMPANY OF TULSA SIGNED CONTRACT MARCH 27 FINALIZING LONG AWAITED PHOSPHATE FERTILIZER PROJECT. NEW VENTURE, CALLED JORDAN FERTILIZER INDUSTRY COMPANY, WILL COST AROUND \$180 MILLION, PRODUCE 600,000 TONS OF FERTILIZER ANNUALLY AND EMPLOY 750 WORKERS. WHEN COMPLETED IN ABOUT THREE YEARS, PLANT WILL BE LARGEST U.S. PRIVATE INVESTMENT IN JORDAN.

2. EQUITY OF \$63 MILLION FOR NEW FIRM TO BE 26 PERCENT FROM GOJ, 25 PERCENT FROM JORDAN PHOSPHATE MINES COMPANY, 25 PERCENT FROM AGRICO AND FIVE PERCENT FROM IFC, PART OF WORLD BANK GROUP. JORDAN PHOSPHATE MINES COMPANY, OWNED BY GOJ, OPERATES COUNTRY'S PHOSPHATE MINES. DIRECTOR OF GOJ BUDGET DEPARTMENT AND MEMBER OF NEGOTIATING TEAM, OBAID, OPTIMISTIC ABOUT PRIVATE INVESTORS HERE AND IN NEARBY OIL PRODUCING COUNTRIES SUPPLYING CAPITAL FOR UNSUBSCRIBED EQUITY AND DEBT. IN
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RECENT CONVERSATION OBAID NOTED FRENCH, WHO PARTICIPATED

IN EARLIER PROPOSAL, WANTED SHARE OF EQUITY, BUT GOJ REFUSED.

3. PLANT WILL USE LOCAL PHOSPHATES AND IMPORTED SULFUR AND AMMONIA TO PRODUCE MAP (MONO AMMONIUM PHOSPHATE), DAP (DI AMMONIUM PHOSPHATE) AND TSP (TRIPLE SUPER PHOSPHATE). FRENCH COMPANY, RHONE-PROGIL, TO LICENSE PROCESS WHICH ALLOWS USE OF LOWER GRADE PHOSPHATES WHICH ARE NOT NOW EXPORTED. VALUE OF ANNUAL FERTILIZER EXPORTS TO BE AROUND \$100 MILLION BASED ON CURRENT PRICES.

4. QUESTION OF PLANT LOCATION RESOLVED IN FAVOR OF SITE ONE-HALF KILOMETER FROM AQABA GULF NEAR SAUDI BORDER (REFTEL). IN PAST THREE MONTHS GOJ NEGOTIATING TEAM MET WITH AGRICO AND IFC OFFICIALS IN WASHINGTON AND LONDON. OBAID INDICATED NEGOTIATIONS WERE DIFFICULT, BUT HE SATISFIED FINAL CONTRACT FAVORABLE TO GOJ. EMBASSY AIRPOUCHING PRESS RELEASE ON FERTILIZER AGREEMENT.
SUDDARTH

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Message Attributes

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